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September 1, 2006

VIA ELECTRONIC FILING AND OVERNIGHT DELIVERY

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 06-36

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), are Bay State's responses to the following Information Requests:

DTE 3-1 DTE 3-2 DTE 3-4 DTE 3-7

In accordance with the extended filing date permitted by the Hearing Officer, the remaining four (4) responses will be filed as soon as they are available, and no later than Friday, September 8, 2006.

Please do not hesitate to contact me if you have any questions.

Very truly yours,

Patricia M. French

cc: Julie Howley Westwater, Esq., Hearing Officer
Jamie M. Tosches, Esq., Office of the Attorney General
Service List (Electronic Service per the Ground Rules)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 06-36

Date: September 1, 2006

Responsible: Joseph A. Ferro, Manager Regulatory Policy

DTE 3-1 Refer to the Company's response to DTE 1-4. In particular, refer to items (c) the monetary penalty assessed for each overtake including the date the penalty was assessed; and (d) the date on which the penalty was paid by the customer. Recognizing that penalties are paid by marketers, please provide the answers to these question. Provide a representative example of how a penalty is shown on the customer or marketer invoice. If the Company does not possess information to respond to these questions, indicate so, and provide the reasons for not having the information.

RESPONSE: Please see Attachment DTE 3-1 for an example of a marketer bill for the month of January 2006, including charges for: (a) Monthly Cashout; (b) Non-Critical Daily Imbalance Penalty Charge; and (c) Critical Daily Imbalance Penalty Charge. Page 1 of Attachment DTE 3-1 represents the example bill. Page 2 is the summary of the billing information presenting these charges. The remaining three pages provide the marketer with the supporting detail. Page 3 shows the daily detail of volumes leading to the daily imbalance volumes; page 4 provides the daily detail that works up the Non-Critical and Critical Day charges; and page 5 provides the index price and resulting amount for the Monthly Cashout charge.

PLEASE MAIL THIS TOP PORTION OF THE
BILL ALONG WITH YOUR PAYMENT TO:



Bay State Gas
A NiSource Company

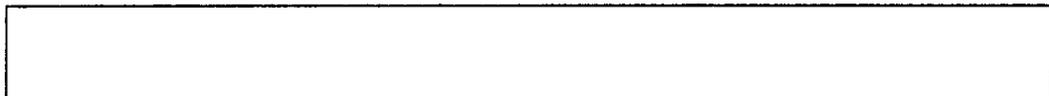
P.O. Box 830015
Baltimore, MD 21283-0015

SAMPLE BILLING
SUITE 1400
2603 MAIN STREET
ANYWHERE, USA 99999

AMOUNT DUE
\$24,942.04

MUST BE RECEIVED BY
3/8/2006

ACCOUNT NUMBER
999 999 999 9



IMPORTANT: BRING THE ENTIRE BILL WHEN PAYING AT A PAYMENT AGENCY.

Billing Date: 02/22/06
Account Number: 999 999 999 9

Prior Balance and Payments

Previous statement balance	01/17/06	\$	629.12
Late charge	02/14/06	\$	2.26
Balance before billing	02/22/06	\$	631.38

Billing Questions
1-800-359-2364

Service Address
995 Belmont St, Brockton, MA 02301-5586

Charges 01/01/2005 - 01/31/2005

Critical day charge	\$	7,316.78
Monthly cashout	\$	14,121.63
Monthly imbalance charge	\$	-
Daily imbalance charge	\$	2,872.25
Pass through billing	\$	-
Prior period adjustment	\$	-
Total charges for Supplier	\$	-
Current billing for 31 days	\$	24,310.66
Please Pay This Amount	\$	24,942.04

Important Messages

SEE REVERSE SIDE FOR IMPORTANT CUSTOMER AND BILL INFORMATION.

Bay State Gas

BAY STATE GAS COMPANY
 GAS TRANSPORTATION AND BALANCING WORKSHEET DETAILS
 FINAL BILLING INFORMATION

Supplier: SAMPLE BILL (BRK/DM/PASS)	Pool Location: BROCKTON	Billing Month: JANUARY 2006
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Day	City Gate Confirmed Nominations (Therms)	Nomination Net of Fuel (Therms) 99.0%	Gas Use (CCFs)	Actual Gas Use (Therms)	Cumulative Gas Use (Therms)	Imbalance Trade Pos=Sell Neg=Buy (Therms)	Adjusted Nominations (Therms)	Daily Imbalance Pos=short Neg=long (Therms)	Daily Imbalance Percentage	Cumulative Daily Imbalance (Therms)	Cumulative Daily Imbalance Percentage
01	1,860	1,841	6,810	7,048	7,048	(470)	2,311	4,737.4	204.99%	4,737	204.99%
02	6,000	5,940	9,800	10,143	17,191	(2,295)	8,235	1,908.0	23.17%	6,645	63.01%
03	11,250	11,138	12,970	13,424	30,615	(1,225)	12,363	1,061.0	8.58%	7,706	33.64%
04	12,200	12,078	12,900	13,352	43,967	(60)	12,138	1,213.5	10.00%	8,920	25.45%
05	12,150	12,029	12,470	12,906	56,873	175	11,854	1,052.5	8.88%	9,972	21.26%
06	12,140	12,019	12,200	12,627	69,500	455	11,564	1,063.0	9.19%	11,035	18.87%
07	10,180	10,078	9,440	9,770	79,271	255	9,823	-52.6	-0.54%	10,983	16.08%
08	9,560	9,464	7,830	8,104	87,375	2,000	7,464	640.1	8.58%	11,623	15.34%
09	12,730	12,603	12,130	12,555	99,929	683	11,920	634.6	5.32%	12,257	13.98%
10	12,450	12,326	12,440	12,875	112,805	335	11,991	884.4	7.38%	13,142	13.19%
11	12,040	11,920	11,570	11,975	124,780	(425)	12,345	-370.1	-3.00%	12,772	11.40%
12	12,040	11,920	11,590	11,996	136,775	280	11,640	355.7	3.06%	13,127	10.62%
13	10,310	10,207	10,880	11,261	148,036	(625)	10,832	428.8	3.96%	13,556	10.08%
14	8,670	8,583	7,590	7,856	155,892	(143)	8,726	-870.4	-9.97%	12,686	8.86%
15	10,000	9,900	8,280	8,570	164,462	380	9,520	-950.2	-9.98%	11,736	7.68%
16	12,940	12,811	12,780	13,227	177,689	(395)	13,206	21.3	0.16%	11,757	7.09%
17	11,860	11,741	12,530	12,969	190,657	(600)	12,341	627.6	5.09%	12,384	6.95%
18	11,360	11,246	11,710	12,120	202,777	(650)	11,896	223.9	1.88%	12,608	6.63%
19	11,650	11,534	12,220	12,648	215,425	25	11,509	1,138.7	9.89%	13,747	6.82%
20	11,190	11,078	10,790	11,168	226,593	285	10,793	374.7	3.47%	14,122	6.65%
21	8,790	8,702	7,530	7,794	234,386	50	8,652	-858.5	-9.92%	13,263	6.00%
22	8,630	8,544	8,200	8,487	242,873	(800)	9,344	-857.0	-9.17%	12,406	5.38%
23	12,250	12,128	12,550	12,989	255,862	180	11,948	1,041.3	8.71%	13,447	5.55%
24	11,890	11,771	11,590	11,996	267,858	(300)	12,071	-75.4	-0.62%	13,372	5.25%
25	12,290	12,167	12,100	12,524	280,382	(455)	12,622	-98.5	-0.78%	13,274	4.97%
26	12,140	12,019	13,050	13,507	293,888	(1,385)	13,404	102.8	0.77%	13,376	4.77%
27	11,940	11,821	12,000	12,420	306,308	(170)	11,991	429.0	3.58%	13,805	4.72%
28	10,020	9,920	9,520	9,853	316,161	(220)	10,140	-286.8	-2.83%	13,518	4.47%
29	11,140	11,029	9,960	10,309	326,470	(425)	11,454	-1,145.4	-10.00%	12,373	3.94%
30	12,080	11,959	12,090	12,513	338,983	(240)	12,199	314.2	2.58%	12,687	3.89%
31	11,940	11,821	12,430	12,865	351,848	0	11,821	1,044.1	8.83%	13,731	4.06%
Totals	335,690	332,337	339,950	351,848		(5,780)	338,117	13,731			

BAY STATE GAS COMPANY
GAS TRANSPORTATION AND BALANCING WORKSHEET DETAILS
FINAL BILLING INFORMATION

Supplier: **SAMPLE BILL (BRK/DM/PASS)** Pool Location: **BROCKTON** Billing Month: **JANUARY 2006**

Day	OFO Aggravated By Underdelivery	OFO Aggravated By Overdelivery	Daily Index Price (per Therm)	First Tier Variance %	First Tier Index \$ Per Therm	First Tier Therm Neg=surplus Pos=shortage	Second Tier Variance %	Second Tier Index \$ Per Therm	Second Tier Therm Neg=surplus Pos=shortage	Total Non Critical Daily Imbalance Charge	Total Critical Daily Imbalance Charge
01	NO	NO	\$1.02750	<= 10	\$0.00000	231	> 10	\$0.51375	4,506	\$2,315.09	\$0.00
02	NO	NO	\$1.02750	<= 10	\$0.00000	824	> 10	\$0.51375	1,085	\$557.16	\$0.00
03	NO	NO	\$1.02750	<= 10	\$0.00000	1,061	> 10	\$0.51375	0	\$0.00	\$0.00
04	NO	NO	\$1.07550	<= 10	\$0.00000	1,214	> 10	\$0.53775	0	\$0.00	\$0.00
05	NO	NO	\$1.01000	<= 10	\$0.00000	1,052	> 10	\$0.50500	0	\$0.00	\$0.00
06	YES	NO	\$1.02900	<= 2	\$0.00000	231	> 2	\$5.14500	832	\$0.00	\$4,279.20
07	YES	NO	\$1.00200	<= 20	\$0.00000	(53)	> 20	\$0.10020	0	\$0.00	\$0.00
08	NO	NO	\$1.00200	<= 10	\$0.00000	640	> 10	\$0.50100	0	\$0.00	\$0.00
09	NO	NO	\$1.00200	<= 10	\$0.00000	635	> 10	\$0.50100	0	\$0.00	\$0.00
10	YES	NO	\$0.94250	<= 2	\$0.00000	240	> 2	\$4.71250	645	\$0.00	\$3,037.58
11	NO	NO	\$0.91100	<= 10	\$0.00000	(370)	> 10	\$0.45550	0	\$0.00	\$0.00
12	NO	NO	\$0.91800	<= 10	\$0.00000	356	> 10	\$0.45900	0	\$0.00	\$0.00
13	NO	NO	\$0.92350	<= 10	\$0.00000	429	> 10	\$0.46175	0	\$0.00	\$0.00
14	NO	NO	\$0.93850	<= 10	\$0.00000	(870)	> 10	\$0.46925	0	\$0.00	\$0.00
15	NO	NO	\$0.93850	<= 10	\$0.00000	(950)	> 10	\$0.46925	0	\$0.00	\$0.00
16	NO	NO	\$0.93850	<= 10	\$0.00000	21	> 10	\$0.46925	0	\$0.00	\$0.00
17	NO	NO	\$0.93850	<= 10	\$0.00000	628	> 10	\$0.46925	0	\$0.00	\$0.00
18	NO	NO	\$0.95600	<= 10	\$0.00000	224	> 10	\$0.47800	0	\$0.00	\$0.00
19	NO	NO	\$0.95200	<= 10	\$0.00000	1,139	> 10	\$0.47600	0	\$0.00	\$0.00
20	NO	NO	\$0.87300	<= 10	\$0.00000	375	> 10	\$0.43650	0	\$0.00	\$0.00
21	NO	NO	\$0.95050	<= 10	\$0.00000	(858)	> 10	\$0.47525	0	\$0.00	\$0.00
22	NO	NO	\$0.95050	<= 10	\$0.00000	(857)	> 10	\$0.47525	0	\$0.00	\$0.00
23	NO	NO	\$0.95050	<= 10	\$0.00000	1,041	> 10	\$0.47525	0	\$0.00	\$0.00
24	NO	NO	\$0.89350	<= 10	\$0.00000	(75)	> 10	\$0.44675	0	\$0.00	\$0.00
25	NO	NO	\$0.89400	<= 10	\$0.00000	(99)	> 10	\$0.44700	0	\$0.00	\$0.00
26	NO	NO	\$0.94200	<= 10	\$0.00000	103	> 10	\$0.47100	0	\$0.00	\$0.00
27	NO	NO	\$0.85850	<= 10	\$0.00000	429	> 10	\$0.42925	0	\$0.00	\$0.00
28	NO	NO	\$0.87800	<= 10	\$0.00000	(287)	> 10	\$0.43900	0	\$0.00	\$0.00
29	NO	NO	\$0.87800	<= 10	\$0.00000	(1,145)	> 10	\$0.43900	0	\$0.00	\$0.00
30	NO	NO	\$0.87800	<= 10	\$0.00000	314	> 10	\$0.43900	0	\$0.00	\$0.00
31	NO	NO	\$0.90100	<= 10	\$0.00000	1,044	> 10	\$0.45050	0	\$0.00	\$0.00

Totals

\$2,872.25

\$7,316.78

BAY STATE GAS COMPANY
 GAS TRANSPORTATION AND BALANCING WORKSHEET DETAILS
 FINAL BILLING INFORMATION

Supplier: SAMPLE BILL (BRK/DM/PASS)	Pool Location: BROCKTON	Billing Month: JANUARY 2006
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Marginal Supply Rates for Monthly Cash-Out:

Pipeline Price Index:

Daily Index Average: \$0.94863 per therm

Highest Daily Index Average: \$1.02843 per therm

Monthly Cashout for UNDERDELIVERY

	Price Percentage	Charge
Less Than or Equal to 5	100.00%	\$14,121.63
Less Than or Equal to 10	115.00%	\$0.00
Less Than or Equal to 15	140.00%	\$0.00
Greater Than 15	175.00%	\$0.00

Total: **\$14,121.63**

Monthly Cashout Energy Credit/Charge: \$14,121.63

Monthly Imbalance Penalty Charge: \$0.00

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D.T.E. 06-36

Date: September 1, 2006

Responsible: Joseph A. Ferro, Manager Regulatory Policy

DTE 3-2 Refer to the Company's response to DTE 1-4. In particular, refer to the following language: "...overtakes are at a pool level and assignment of responsibility to an individual customer is not possible." Based on this response, please explain Bay State's contention that grandfathered customers may put Bay State's distribution customers at risk.

RESPONSE: Pursuant to Bay State's Distribution and Default Service Terms and Conditions, suppliers are afforded the flexibility to pool their nominations for all customers taking daily-metered service. All suppliers on the Bay State system avail themselves of this benefit and do not provide separate nominations for each daily-metered customer. Therefore, while Bay State has actual daily consumption for each customer, the consumption for all customers within a pool must be aggregated in order to compare with the supplier nomination and determine whether an overtake or undertake occurred. Suppliers also aggregate their non-daily metered customers in separate pools.

Even though suppliers are afforded the opportunity to pool grandfathered and non-grandfathered loads, Grandfathered loads pose a greater reliability risk to Bay State's system, because Bay State retains the ability to recall assigned capacity up to the aggregate TCQ of non-grandfathered customers from any supplier that fails to deliver on behalf of their non-grandfathered customers. No similar operational tool exists for overtakes associated with suppliers serving grandfathered customers.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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D.T.E. 06-36

Date: September 1, 2006

Responsible: Joseph A. Ferro, Manager Regulatory Policy

DTE 3-4: Refer to the Company's response to DTE 2-8. Provide the date each customer became a grandfathered customer.

RESPONSE: The Company provided the date each customer became a grandfathered customer under the column labeled "First GF Date" in CONFIDENTIAL Attachment DTE 2-8.

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
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D.T.E. 06-36

Date: September 1, 2006

Responsible: Joseph A. Ferro, Manager Regulatory Policy

DTE 3-7: Calculate a reserve comparing the absolute value of imbalance specific to grandfathered customers compared to the design MDQs of the grandfathered pool.

RESPONSE: As noted by Mr. Ferro in his prepared direct testimony at page 11, the level of the capacity exempt customer reserve is based on a number of factors including, but not limited to, the level of overtakes noted in Exhibit JAF-2. Attachment DTE 3-7 restates the daily-metered overtakes for the top twenty days on an absolute value basis by including the supplier deliveries for those suppliers with undertakes in the determination of net overtake for each Division. While the percentage overtake on most days is reduced under this methodology, significant overtakes are still shown for many days. In particular, the percentage overtake by Division on two days during the four-year period is above 30% and is between 20% and 30% on four additional days. Therefore, Bay State would not change its assessment of the appropriate level of reserve of 30% of grandfathered design day based on the absolute value of imbalances of grandfathered customers.

Note that grandfathered customers' MDQs are typically calculated only for informational purposes, such as for regulatory discovery, since the Company does not assign capacity for these customers. Any calculation of a MDQ would be based on the customer's base load and use per degree day factors in the Company's Customer Information System (CIS). Therefore, Bay State does not have the design MDQs for grandfathered customers on a historical basis. Moreover, any daily imbalance should be based on the associated confirmed nomination rather than on the design MDQ.

Daily Metered Overtakes

<u>Date</u>	<u>Brockton</u>				<u>Springfield/Lawrence</u>			
	<u>Overtake</u>	<u>Undertake</u>	<u>Net</u>	<u>%</u>	<u>Dth</u>	<u>Undertake</u>	<u>Net</u>	<u>%</u>
12/10/2001	447	(23)	424	6.0%	5,556	(46)	5,510	30.7%
11/5/2001	2,937	-	2,937	44.0%	2,676	(1)	2,675	14.7%
12/9/2001	485	-	485	7.7%	4,271	(175)	4,096	27.8%
2/11/2002	831	(45)	786	8.6%	3,581	-	3,581	15.6%
2/5/2002	975	(44)	931	10.4%	3,519	(66)	3,452	16.0%
2/13/2002	179	(177)	3	0.0%	4,355	(39)	4,316	17.1%
12/1/2002	601	-	601	9.4%	3,097	457	3,553	19.9%
4/23/2002	521	(44)	477	8.0%	3,324	(32)	3,292	18.6%
12/4/2001	336	(489)	(152)	-2.6%	3,825	(30)	3,795	24.7%
4/29/2002	717	(16)	701	11.6%	2,681	(3)	2,678	15.5%
4/24/2002	781	(1)	780	14.0%	2,634	(39)	2,596	16.1%
12/6/2004	482	(11)	471	8.7%	2,725	-	2,725	16.6%
2/14/2002	229	(95)	134	1.7%	3,004	(92)	2,912	12.8%
3/31/2003	580	(41)	539	10.0%	2,395	(23)	2,371	12.0%
12/2/2001	45	(628)	(583)	-11.6%	3,506	(26)	3,480	24.9%
4/22/2002	665	-	665	11.0%	2,222	(6)	2,216	14.6%
11/29/2001	124	(423)	(299)	-4.9%	3,144	-	3,144	18.3%
11/12/2001	1,309	-	1,309	16.8%	2,068	(542)	1,526	8.4%
4/28/2002	935	(6)	929	19.5%	1,912	(14)	1,899	14.5%
12/16/2001	1,289	(4)	1,285	20.2%	1,527	(15)	1,512	10.0%